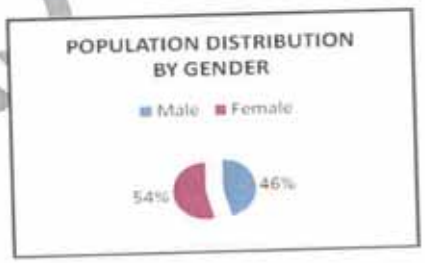
PART 3 – FUNCTIONAL AREA REPORTING

1. GENERAL INFORMATION

General Information			
Reporting Level	Detail	Total	
Overview	Mnquma Local Municipality is located in the South Eastern part of the Eastern Cape Province. This category B municipality falls under the jurisdiction of the Amathole District Municipality (ADM) and comprises of an amalgamation of the former Butterworth, Ngqamakhwe and Centane TRC's. Mnquma Municipality shares borders with three other local municipalities i.e. Mbhashe, Intsika Yethu and Great Kei Municipalities. This also includes a number of previously administered rural areas. It is approximately 32, 995, 240 square kilometres and consists of 31 wards.		
Information	***Geography, Demography, Age Breakdown, Household Income and Unemployment Levels*** ***Population Size and Distribution*** Mnquma Local Municipality has a total population of approximately 297 663 people, 99% of which are Xhosa speaking African. The remaining 1% of the population includes English, Afrikaans, Zulu, and Sesotho speaking people. The municipality comprises of 54% female and 46% male of the total population and consists of approximately 75410 households. ***Figure 1: Population Distribution***  ***Derived from Community Survey 2007- Stats SA*** Based on a growth in population from 285,365 in 2001 to 297,663 in 2007 a simple indicative population projection shows what the total population might look like into the future. This shows a total maximum population increase of 39,809 people to 337,371 by 2025.		

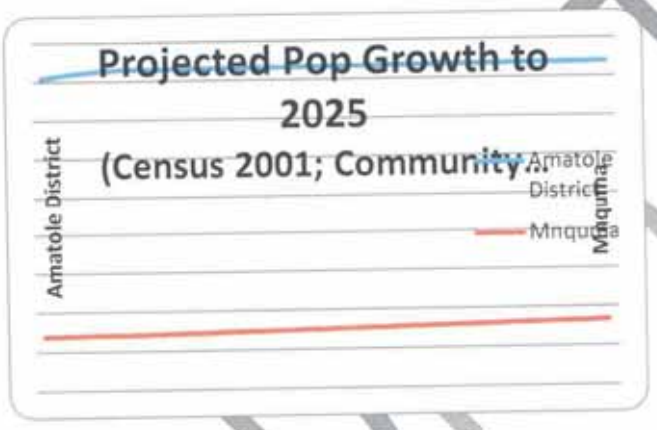
FIRST DRAFT

General Information			
Reporting Level	Detail	Total	

Information

However, because of the impact of HIV AIDS, as well as other factors impacting on fertility such as improved levels of education, the rate of population growth is slowing which means that the future population totals will be lower than those contained in this projection.

Figure 2: Simple Population Projection to 2025



Source: Silimela Development Services adapting Stats SA statistics and projecting the average annual rate of population change between 2001-2007 into the future.

Table 1: Projected forward at annual average % of population change

ensus 001	Community Survey 2007	Projected Forward at Annual Average % Change between 2001-2007		
001	2007	2014	2019	2025
35365	297562	312452	323542	337371

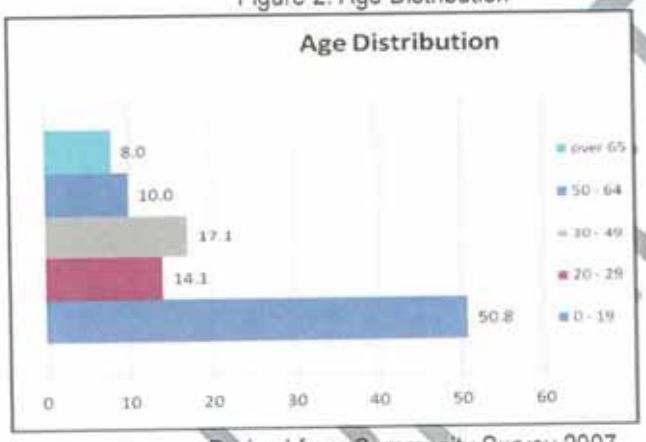
Age Distribution

A study of the age distribution revealed that the bulk of the population, approximately 50.8%, is children (0-19 years). About 8% falls within the pension group (over 65years), whilst 41.2% is economically active (20-64 year).

FIRST DRAFT

General Information			
Reporting Level	**Detail**	**Total**	
Information	This indicates that there is a high dependency ratio, as 59% of the population depends only on 41% workforce in the municipality (See Figure 4). There is therefore a desperate need for the municipality to develop youth development programmes.		

Figure 2: Age Distribution

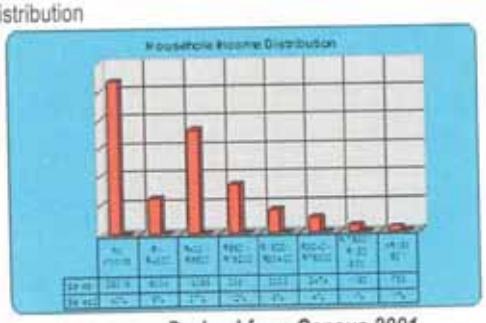


Derived from Community Survey 2007 - Stats SA

Annual Monthly Household Income Profile

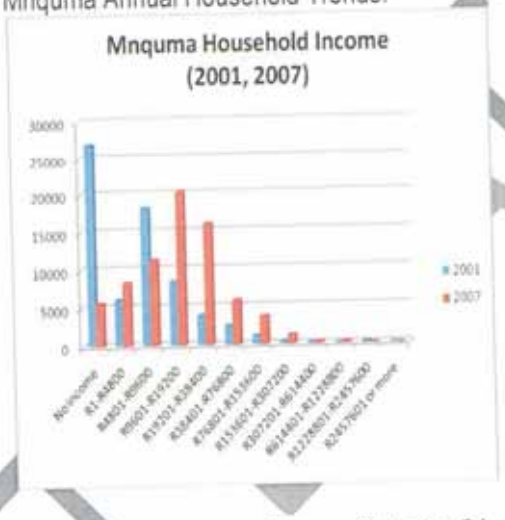
Figure 5 below demonstrates destitute households with high levels of unemployment and a community in dire need of various source of income. About 40% of the households in the municipality have no income and approximately 27% with income less than R1600 per month. This means that approximately 40% of households in the local community need subsidy arrangements for survival and thus are unable to pay for services. This therefore has huge implications on the municipality's financial status in that they cannot rely on residential cross subsidisation for revenue.

Figure 3: Annual Household Income Household Income Distribution



Derived from Census 2001

FIRST DRAFT

Reporting Level	General Information Detail	Total	
Information	Trends between 2001-2007 in household income show a sharp reduction in those household reporting no income and an increase in the number of households at other income levels (except for the R4800-R9600 annual income level). This is probably as a result of improvements in access to social grants. In this context, it is important to note that the rural poor are supported to access various sources of income, including rural livelihood strategies. Figure 4: Mnquma Annual Household Trends:  Source: Statistics SA ***Unemployment Levels*** As part of the Eastern Cape, Mnquma is one of the municipalities with the highest levels of poverty, illiteracy and unemployment. An estimated 17% is unemployed, only 24% is employed while 59% of the municipal population is considered economically inactive (See Figure 6). The municipality has limited employment opportunities and this has huge implications on the increased need for welfare and indigent support in the municipality. The municipality therefore needs to put priority into service provision, skills and social development.		

FIRST DRAFT

General Information		
Reporting Level	**Detail**	**Total**
Information	Figure 5: Employment Status Derived from Community Survey 2007 – Stats SA The table below illustrates a significant change in the employment status when comparing 2001 census, 2007 community and global insight Southern Africa 2008 survey in that there is 11% increase in employment, 4% decrease in unemployment and 7 % decrease in the number of population which is not economically active. Table 2: Employment Status	

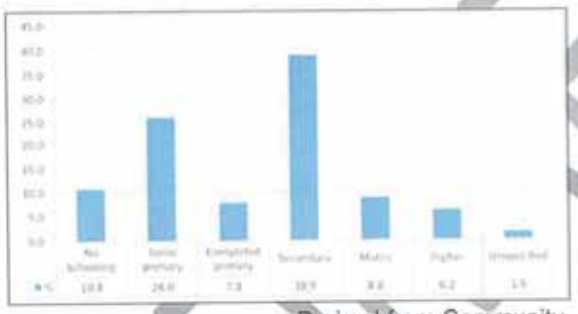
EMPLOYMENT STATUS	2001 CENSUS	2007 COMMUNITY SURVEY
Employed	13%	24%
Unemployed	21%	17%
Not economically active	66%	59%

FIRST DRAFT

General Information		
Reporting Level	**Detail**	**Total**
Information	***Education Levels***	

Further to this, the municipality also has a lack of skills. Figure 7 below depicts the low levels of education in this municipality. 10.8% of the Mnquma population has no schooling and only 7.8% completed primary. On the other hand, only 8.8% completed grade 12 while just above 6.2% of the population got a higher education.

Figure 6: Education Levels



Derived from Community Survey 2007 - Stats SA

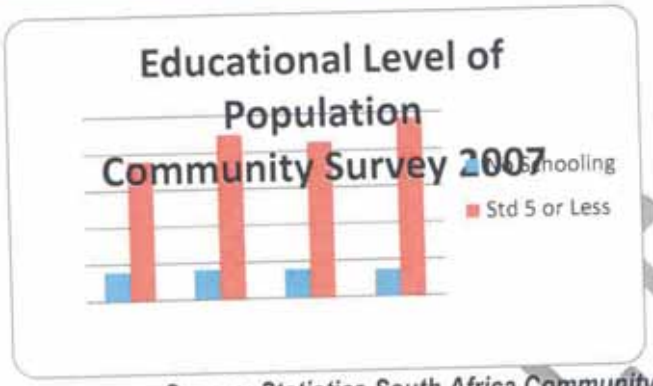
There has been some improvement on the percentage of people with no schooling while there is a decline on Metric / Grade 12 and no change in other levels of education when comparing 2001 statistics and 2007 community survey and this can be illustrated on the table below:

Table 3: Education levels

EDUCATION LEVELS	2001 CENSUS	2007COMMUNITY SURVEY	2008 GLOBAL INSIGHT
No schooling	27%	10.8%	26, 609
Completed Primary	8%	7.8%	28, 427
Matric / Grade 12	10%	8.8%	22, 814
Higher education	6%	6%	11, 453

Figure 7: Educational Level of Population: 2007

FIRST DRAFT

General Information		
Reporting Level	Detail	Total
	 *Source: Statistics South Africa Community Survey 2007* The above figure shows that the % of the total population that is illiterate is higher in Mnquma than the province or nationally. The labour force is therefore relatively more unskilled and this represents a barrier for investment and a constraint on economic growth in terms of businesses being able to find skilled labour.	

FIRST DRAFT

2. Finance and Administration Performance

Function:	Finance and Administration	
Sub Function:	Finance (Budget and Treasury)	
Reporting Level	Detail	Total
Overview	Finance in the Municipality is termed as Budget and Treasury which is in line with the MFMA 56 of 2003.This function is composed of three divisions i.e. • Expenditure and Supply Chain • Budget and Financial Reporting • Revenue and Debt Management Role of this function is to ensure that the Municipality is financially viable hence planned to increase its revenue by 20% in 2010. It also responsible for financial reporting and improve compliance with applicable legislation, hence planned to have an improved system of municipal governance in line with applicable legislation by 2010. This function is also responsible to maintain municipal creditors by ensuring that they are paid on time and full implementation without bias the Supply Chain Management Policy. The planned activities for the year under review was as follows:	

Strategy	Objective	Achieved/ Not Achieved
To ensure a developmentally-oriented planning by 2012.	Review IDP in line with legislative requirements.	Achieved
To have an improved system of municipal governance in line with applicable legislation by 2012.	(a) Develop and implement municipal policies, procedures, strategies and bylaws.	Achieved
	(b) Compliance with legislation and reporting.	Achieved
	(c) Implement, monitor and evaluate municipal performance	Partially Achieved
To ensure that the Municipality receives a Clean Audit by 2014.	Establish and ensure functioning of structures towards realization of a clean audit by the Municipality.	Achieved

FIRST DRAFT

Function: Sub Function:	Finance and Administration Finance (Budget and Treasury)				
Reporting Level	Detail			Total	
	Increase the institutions budget and/or Revenue enhancement by 20% by 2012.	(a) Broadening of revenue base. (b) Leverage of local, provincial, national and international resources. (c) Safeguarding of assets. (d) To ensure that the SCM responds to National and Local aspirations. (e) Monitor production and generation of income.	Partially Achieved Not Achieved Achieved Achieved Partially Achieved		
Analysis of Function	Below is the analysis of the finance of the Municipality:				

FIRST DRAFT

DEBTORS (BILLING VS ACTUAL) ANALYSIS BY FUNCTION

	RATES DEBTORS BILLING vs ACTUAL AS AT END JUNE 2010											
	Jul-09	**Aug-09**	**Sep-09**	**Oct-09**	**Nov-09**	**Dec-09**	**Jan-10**	**Feb-10**	**Mar-10**	**Apr-10**	**May-10**	**Jun-10**
Rates	9,477,443	1,011,248	1,010,893	1,089,875	984,165	1,000,010	949,883	1,566,014	780,600	767,523	756,771	137,500
Actual Rec		91,166	129,645	470,274	2,935,463	1,087,693	163,997	2,875,925	306,963	466,180	573,576	327,821
Total	**9,477,443**	**920,082**	**881,248**	**619,600**	**-1,951,298**	**-87,682**	**785,886**	**-1,309,912**	**473,638**	**301,343**	**183,195**	**-190,321**
No of properties billed	8620	8620	8620	8620	8699	8699	8699	8700	8699	8699	8708	8106
	REFUSE REMOVAL DEBTORS BILLING vs ACTUAL AS AT END JUNE 2010											
	Jul-09	**Aug-09**	**Sep-09**	**Oct-09**	**Nov-09**	**Dec-09**	**Jan-10**	**Feb-10**	**Mar-10**	**Apr-10**	**May-10**	**Jun-10**
Refuse Removal	403,692	403,692	404,370	412,740	412,740	412,890	413,569	261,928	262,064	262,064	265,158	252,416
Actual Rec		10,796	16,774	26,692	21,216	15,772	29,045	26,007	23,323	27,633	38,473	29,599
Total	**403,692**	**392,895**	**387,596**	**386,048**	**391,524**	**397,118**	**384,524**	**235,921**	**238,742**	**234,431**	**226,685**	**222,816**
No of properties billed	5508	5508	5514	5524	5524	5526	5530	5530	5532	5532	5565	5260
	RENTAL DEBTORS BILLING vs. ACTUAL AS AT END JUNE 2010											
	Jul-09	**Aug-09**	**Sep-09**	**Oct-09**	**Nov-09**	**Dec-09**	**Jan-10**	**Feb-10**	**Mar-10**	**Apr-10**	**May-10**	**Jun-10**
Rental	180,571	158,401	156,828	157,561	157,561	157,561	1,521,013	164,663	181,426	181,426	179,541	181,413
Actual Rec		4,555	19,656	24,572	26,954	23,659	214,223	27,176	27,080	84,399	73,440	47,370
Total	**180,571**	**153,846**	**137,173**	**132,990**	**130,608**	**133,902**	**1,306,790**	**137,487**	**154,346**	**97,027**	**106,101**	**134,043**
No of properties billed	505	505	504	507	507	507	507	508	510	510	513	523
	INDIGENT DEBTORS BILLING vs. REBATES AS AT END JUNE 2010											
	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
Rates	-3400	-3400	-3400	-3400	-3400	-3400	-3400	-3400	-3400	-3400	-3400	-3400
Actual Rec	0	0	0	0	0	0	0	0	0	0	0	0
Total												
No of properties billed	52	52	52	52	52	52	52	52	52	52	52	52

FIRST DRAFT